

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED CONTRACT BETWEEN DELTRAN, INC.                     )  
AND DELTA NATURAL GAS COMPANY, INC. FOR                     ) CASE NO. 95-531  
UNDERGROUND NATURAL GAS STORAGE SERVICE                     )

O R D E R

IT IS ORDERED that Deltran, Inc. ("Deltran") and, where applicable, Delta Natural Gas Company, Inc. ("Delta") shall file the original and 10 copies of the following information with this Commission with a copy to all parties of record within 10 days from the date of this Order. Deltran and Delta shall furnish the name of the witness who will respond at the public hearing, if one is held, to questions concerning each item of information.

1. Provide a balance sheet and income statement for Deltran for the most recent 12 month period available prepared in accordance with the Uniform System of Accounts ("UsoA") for Natural Gas Utilities.

2. Provide a 12 month projected income statement for Deltran reflecting the company's estimated revenues and expenses once the Canada Mountain storage field and the related transmission lines are operational.

3. Is Deltran responsible for costs associated with line loss? Explain.

4. Provide copies of all procedures Deltran or Delta has established to ensure that its records and operations are separate and distinct from that of any company with which Deltran shares staff or assets.

5. Provide copies of all procedures Deltran or Delta has established to ensure fair pricing of services between itself and any company with which Deltran shares staff or assets.

6. Describe what type of ongoing economic analysis Delta will perform to assure it incurs the least cost possible in securing a reliable source of natural gas for its customers.

7. If Delta finds that buying gas from another source is cheaper than utilizing the storage field, does Delta believe it should or should not be allowed to recover the lease costs through its gas cost recovery mechanism? Why or why not?

8. When does Delta expect to be able to reduce gas costs to the extent that the Deltran cost will be below the cost of the other sources and result in a net benefit to ratepayers?

9. Who is going to operate the storage field and at what cost? Provide a copy of any written agreement for the provision of this service.

10. Provide a breakdown of the costs to operate the storage field and indicate if these costs are incremental.

11. What is the basis for the 12 percent cost of equity in Deltran's cost support filed on March 13, 1996?

12. Once the storage field is fully operational, has Delta contemplated an outright sale to Deltran? Why or why not?

13. If there is excess storage capacity, will Delta release it? If Delta does intend to release excess capacity, how will the revenues and associated expenses be disclosed on Delta's books?

14. When does Delta plan to begin releasing any available excess capacity and how will it determine the amount available for release?

15. If Delta is unsure how much capacity is truly excess capacity, will it consider releasing it on a recallable basis?

16. Provide the managerial and technical abilities of Deltran's personnel operating the storage field.

17. Are the storage facilities designed to provide continuous and reliable supply of gas for about 100 days annually in case of facilities failure? Explain in detail.

Done at Frankfort, Kentucky, this 16th day of April, 1996.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director